NEWSRELEASE

DIPLOMA PLC

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FOR IMMEDIATE RELEASE

13 May 2013

ANNOUNCEMENT OF HALF YEAR RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2013

"Further Progress against Strong Comparatives"

	Unaudited Six months ended 31 March 2013 £m	Unaudited Six months ended 31 March 2012 £m	
Revenue	**139.7**	127.1	+10%
Adjusted operating profit(1)	**27.0**	26.4	+2%
Adjusted operating margin(1)	**19.3%**	20.8%	
Adjusted profit before tax(1),(2)	**26.9**	26.2	+3%
Profit before tax	**23.8**	23.3	+2%
Profit for the period	**16.7**	15.8	+6%
Free cash flow	**12.1**	9.7	+25%
	Pence	Pence	
Adjusted earnings per share(1),(2)	**17.0**	16.1	+6%
Basic earnings per share	**14.7**	13.9	+6%
Interim dividend per share	**5.0**	4.2	+19%

(1) Before acquisition related charges.
(2) Before fair value remeasurements.

Financial Highlights

- Revenue increased by **10%** to **£139.7m**; underlying revenue increased by **2%**, after adjusting for currency effects and acquisitions.

- Adjusted operating margin reduced to **19.3%** in line with expectations and reflecting impact of Investment for Growth programme.

- Adjusted profit before tax increased by **3%** to **£26.9m**; adjusted EPS increased by **6%** to **17.0p**, reflecting a lower effective tax rate.

- Free cash flow increased by **25%** to **£12.1m**, despite higher capital expenditure of **£2.6m** from on-going investment programme; net funds of **£7.3m** at the end of March.

- Interim dividend increased by **19%** to **5.0p** per share reflecting Board's decision to increase the interim dividend as a proportion of total dividend.

Operational Highlights

- Strong performance from Life Sciences, particularly in the Healthcare businesses.
- Modest underlying growth in the Seals businesses against very strong prior year comparatives; challenging conditions for the European Controls businesses leading to small reduction in underlying revenues.
- Positive contributions from new businesses acquired last year; in Seals, from J Royal in the US, in Controls, from Amfast and Abbeychart in the UK and in Life Sciences, from DSL in Australia.
- Continued investment in the Group's facilities, IT infrastructure and in management as part of the on-going Investment for Growth programme.

Commenting on the results for the period, Bruce Thompson, Diploma's Chief Executive said:

"Diploma has made further progress in the first half against strong comparatives. Whilst the macroeconomic backdrop remains challenging, particularly in Europe, the Group has a resilient business model that is well diversified by geography and business area and a track record of delivering stable revenue growth and sustainable attractive margins.

The Life Sciences businesses are continuing to perform strongly and the Seals businesses are expected to make further progress in the second half of the year, as comparatives become less demanding. Underlying trading activity in the Controls businesses is likely to continue to be challenging, while European markets remain subdued. The pipeline of acquisition opportunities remains promising and is growing with the additional resources, although the current uncertain economic background has lengthened transaction processes and is delaying completion of target acquisitions.

The Board remains confident that despite the challenging economic environment, the investments being made in the business to provide the platform for growth, both organically and by acquisition, will allow the Group to deliver further progress in the second half of the year and in the longer term."

Note:
Diploma PLC uses alternative performance measures as key financial indicators to assess the underlying performance of the Group. These include adjusted operating profit, adjusted profit before tax, adjusted earnings per share and free cash flow. The narrative in this Announcement is based on these alternative measures and an explanation is set out in Note 2 to the condensed consolidated financial statements in this Half Year Announcement.

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NOTE TO EDITORS:

Diploma PLC is an international group of businesses supplying specialised technical products and services to the Life Sciences, Seals and Controls industries.

Diploma's businesses are focussed on supplying *essential products* and services which are funded by the customers' operating rather than their capital budgets, providing recurring income and stable revenue growth.

Our businesses then design their individual business models to closely meet the requirements of their customers, offering a blend of high quality customer service, deep technical support and value adding activities. By supplying *essential solutions*, not just products, we build strong long term relationships with our customers and suppliers, which support attractive and sustainable margins.

Finally we encourage an entrepreneurial culture in our businesses through our decentralised management structure. We want our managers to feel that they have the freedom to run their own businesses, while being able to draw on the support and resources of a larger group. These *essential values* ensure that decisions are made close to the customer and that the businesses are agile and responsive to changes in the market and the competitive environment.

The Group employs ca. 1,200 employees and its principal operating businesses are located in the UK, Germany, US Canada and Australia.

Over the last five years, the Group has grown adjusted earnings per share at an average of ca. 20% p.a. through a combination of organic growth and acquisitions. Diploma is a member of the FTSE 250 with a market capitalisation of ca. £650m.

Further information on Diploma PLC can be found at www.diplomaplc.com

HALF YEAR REVIEW TO 31 MARCH 2013

Diploma has made further progress during the first half of the year. Trading has remained consistent with the Board's expectations of modest underlying growth, against strong first half comparatives and a macroeconomic backdrop which remains challenging, particularly in Europe.

The Group's revenues increased by 10% over the prior year comparable period. The results were driven by a strong performance from the Life Sciences businesses and benefited from the acquisitions completed over the last twelve months of three new European Controls businesses (Amfast, Abbeychart and Rayquick) and DSL, the new Australian Healthcare business. J Royal, the US Seals business acquired in December 2011, also made a full half year contribution. On an underlying basis, after adjusting for these acquisitions, for the divestment of a small business in Switzerland and for currency effects on translation, Group revenues increased by 2%.

Adjusted operating profit increased by 2% and adjusted operating margins were 19.3%, compared with 20.8% for the first half of 2012 and 20.3% for the full year. The adjusted operating margin has reduced in line with expectations from the record levels reported last year, reflecting the impact of implementing the Board's programme of planned investments to support the future growth of the business (the "Investment for Growth" programme). After adjusting for the incremental contribution from acquisitions, for the divestment of the Swiss business and for currency effects on translation, adjusted operating profit reduced by 3%.

Operating cash flow remained robust and increased by 20% to £24.4m (2012: £20.3m) reflecting a lower investment in working capital of £4.2m (2012: £7.4m). Capital expenditure increased to £2.6m (2012: £1.7m) with £1.4m of this expenditure being in support of the Investment for Growth programme. The Group's free cash flow for the period increased by 25% to £12.1m (2012: £9.7m) and at 31 March 2013, the Group had net cash funds of £7.3m.

INVESTMENT FOR GROWTH

Good progress has been made in the first half of the year with the Investment for Growth programme, which is designed to provide the right foundation to support the continued growth of the Group over the next five year period. IS-Rayfast, the UK Controls business and Vantage, the Canadian Healthcare business, both completed major site moves in the first quarter to new, larger and more efficient facilities in Swindon and Toronto respectively. These moves were completed without disruption to the businesses. The ERP system projects in M Seals, a1-group and Hawco group are also well advanced and the new ERP system project in the Healthcare group is now in the initial system specification stage. By the end of the half year, £3.3m of the planned £5.0m cash investment had been made in new facilities and major upgrades to the IT infrastructure.

The planned additional management resources are also mostly now in place within the major businesses and in the Diploma corporate group. These additional resources, which have added £1.0m to annual operating costs, are focused on growth initiatives in the businesses as well as accelerating and broadening the acquisition programme. Acquisitions remain an integral part of the Group's strategy to supplement organic growth and to extend into new but related markets. The pipeline of opportunities remains promising and continues to grow with the additional resources; however, the current uncertain economic background has lengthened the transaction processes and is delaying completion of target acquisitions.

RESULTS AND DIVIDENDS

In the six months ended 31 March 2013, Group revenue increased by 10% to £139.7m (2012: £127.1m). Adjusted operating profit increased by 2% to £27.0m (2012: £26.4m) and adjusted operating margins were 19.3% (2012: 20.8%).

Adjusted profit before tax increased by 3% to £26.9m (2012: £26.2m) and adjusted earnings per share increased by 6% to 17.0p (2012: 16.1p) reflecting a lower effective tax rate from both a further reduction in UK corporation tax rates and a smaller proportion of profits earned in the United States. On an IFRS basis, profit before tax increased by 2% to £23.8m (2012: £23.3m) and basic earnings per share increased by 6% to 14.7p (2012:13.9p).

The Group continues to follow a progressive dividend policy, which targets dividend cover towards two times on an adjusted EPS basis. The allocation of the total dividend for the year is targeted towards one third for the interim and two thirds for the final dividend. In recent years the allocation of the total dividend has moved more towards the final dividend and the Directors have therefore decided to rebalance the dividend between the interim and final dividends. The Directors have declared an interim dividend of 5.0p per share (2012: 4.2p) payable on 19 June 2013 to shareholders on the register on 24 May 2013. The Board's expectations for the full year dividend remains in line with the policy set out above.

OPERATING REVIEW

Life Sciences

The Life Sciences businesses are suppliers of consumables, instrumentation and related services to the healthcare and environmental industries.

	Half Year		
	2013	**2012**	
Revenue	**£46.7m**	£39.7m	*+18%*
Adjusted operating profit	**£11.0m**	£9.3m	*+18%*
Adjusted operating margin	***23.6%***	*23.4%*	

Life Sciences revenues in the first half of the year increased by 18%, with the results benefiting from the acquisition of DSL, acquired in June 2012. Adjusting for this acquisition and for minor currency effects, underlying sector revenues increased by 13%. Adjusted operating margins were broadly unchanged at 23.6%.

The DHG group of ***Healthcare*** businesses, which account for ca. 85% of sector revenues, saw total revenues increase by 22% in both Canadian dollar and UK sterling terms; adjusting for the DSL acquisition, underlying revenue growth was 14%.

The Canadian Healthcare businesses (AMT, Vantage and Somagen) increased revenues by 9%, with the strongest growth coming from the AMT business. AMT's core Electrosurgery business continued to grow steadily with the implementation of new installations of smoke evacuation systems and increasing utilisation rates of consumables in existing installations. AMT also had success with the newly launched Penevac 1 product (combined electrode and smoke evacuation device) which has been well received by customers and which has been an important factor in the decision by several major hospitals and buying groups to sign multi-year contract extensions. AMT has also made significant progress with its new Surgical division, supplying specialised surgical instruments and devices used in laparoscopic and other minimally invasive surgical procedures. The addition of several new suppliers, under long term exclusive distribution agreements, has given access to new growth segments and has led to a strong increase in revenues in this division.

The Vantage business started the new financial year with a strengthened management team, a complete product range and an integrated and fully trained sales team, benefiting from the investments made last year. In the first quarter, the Vantage investment programme was completed with the relocation of the business to a new larger facility, close to the existing location in Markham, Ontario. Vantage has made good progress in the first half, with steadily growing sales of consumable products and service offerings, boosted by strong capital equipment sales of endoscopes, endoscope reprocessors and argon plasma coagulation units.

Somagen delivered strong double-digit growth in consumable and service revenues, which typically account for ca. 80% of its total revenues. Somagen was also successful in winning the contracts in three Provinces to supply testing products for their new colorectal cancer screening programmes. Capital equipment sales, which make up the balance of the revenues, were somewhat reduced against a strong comparative. However, Somagen had good sales success with placing new testing equipment for Assisted Reproductive Technology, Allergy testing and a1c diabetes testing equipment.

In Australia, revenues from BGS and DSL increased by over 40% on a like-for-like basis (after adjusting for DSL's first half pre-acquisition revenues). In DSL, the principal growth drivers were a major new supplier which was added shortly after the acquisition, as well as a major contract win for supplying auto-immune testing equipment to one of the leading private laboratory groups in Australia. In BGS, the growth was driven by increased sales of the core electrosurgical products and laparoscopic instruments by the expanded direct sales force. In the second quarter, the BGS operations and back office functions were successfully relocated from Newcastle (near Sydney) to Melbourne and integrated into the main DSL operation; the Sydney sales offices were also merged. These actions should deliver good benefits in terms of increased efficiency and improved service levels, as well as providing a firm foundation for further growth.

In Europe, the a1-group of ***Environmental*** businesses, which account for ca. 15% of sector revenues, saw revenues decrease by 2%. However, the underlying revenues of the continuing Environmental businesses increased by 11%, after adjusting for currency effects and for the small a1-envirosciences operation in Switzerland which was sold to its management in May 2012. The a1-envirosciences business delivered strong growth in sales of elemental analysers and laboratory enclosure sales in its home market of Germany and in the UK. The CBISS business benefited from the strong order inflow in its core UK CEMS (Continuous Emissions Monitoring Systems) business as several EFW (Energy from Waste) projects cleared planning and funding bottlenecks.

Seals

The Seals businesses are suppliers of hydraulic seals, gaskets, cylinders, components and kits for heavy mobile machinery and industrial equipment.

	Half Year		
	2013	**2012**	
Revenue	**£50.5m**	£48.0m	*+5%*
Adjusted operating profit	**£9.1m**	£9.9m	*-8%*
Adjusted operating margin	***18.0%***	*20.6%*	

Seals sector revenues in the first half of the year increased by 5%. Adjusting for currency effects and for the full half year contribution from J Royal, acquired in December 2011, underlying revenues were broadly flat against a very strong prior year comparative.

Operating margins in the Seals businesses reduced by 260 basis points, partly as a result of the planned investment programme, but also reflecting slightly reduced gross margins in the Industrial OEM seal businesses. A total of £0.6m has been invested in the Seals businesses over the last 15 months in relocating the RT Dygert and All Seals businesses and in implementing the new IT system in the M Seals group. These investments, along with additional management resources have added to operating costs, but will provide significant benefits in the coming years as the businesses continue to grow. In the Industrial OEM seal businesses, there was also some pressure on gross margins as supplier cost increases could not be passed fully on to customers and additional investment in sales resource impacted operating margins.

The ***Aftermarket*** businesses, which now account for ca. 55% of sector revenues, saw underlying revenues decrease by 1% in both UK sterling and constant currency terms.

In North America, the HFPG Aftermarket businesses (Hercules, Bulldog and HKX) reported a modest decrease in revenues. However, this represents a very creditable performance when set against exceptionally strong revenues in the first half of 2012, which increased by 21% on top of growth of ca. 30% in 2011. The growth last year was boosted by a number of factors, including robust activity in both traditional markets (Heavy Construction and Infrastructure) and non-traditional markets (e.g. shale gas exploration and surface mining), increased sales to sub-distributors, selling price increases to compensate for higher product costs and exceptional sales of attachment kits for excavators.

The core Hercules business in the US and Canada saw modest growth with improved sales of metric seals, construction kits, cylinders and Seals-on-Demand custom manufactured seals. Against these increases, Hercules experienced reduced sales to sub-distributors and this same factor led to reduced domestic revenues for Bulldog. HKX's sales of excavator attachment kits saw some growth against a very strong comparative and benefited from the improving residential construction market, although housing starts are still over 50% below the peak achieved in 2005. Revenues were also impacted by a reduction in sales of new construction equipment to large rental companies and dealers, following a rebuilding of rental fleets over the last 18 months.

Internationally, the HFPG businesses experienced reduced revenues from Europe and certain South American and South East Asian countries, although there was good growth in sales in Mexico, Middle East, South Africa and Australia. FPE also experienced challenging market conditions in the UK and exports to Continental Europe were impacted by the weak industrial markets across Europe.

The ***Industrial OEM*** businesses, which now account for ca. 45% of sector revenues, increased revenues by 14% in UK sterling terms; adjusting for the acquisition of J Royal and for currency effects, underlying revenue growth was 2%.

In North America, RT Dygert and All Seals reported "GDP plus" level of increase in revenues. Growth was driven by more buoyant trading conditions for core Industrial OEM customers and increased sales to hydraulic cylinder manufacturers, which benefited from improved conditions in the construction and agricultural markets. There were also new sales to customers in the Waterjet cutting industry and of mechanical seals to mud pump customers. These areas of growth more than offset a softening of demand from customers in the Defence and Irrigation industries and from distributor accounts where a return to more stable supply chain conditions has encouraged smaller distributors to resume direct imports from the Far East.

J Royal was acquired in December 2011 and is proving a very complementary business to RT Dygert and All Seals. Clear regional sales territories have been established and good progress has been made in transitioning accounts between the businesses, while ensuring that high customer service levels are maintained. The businesses are also sharing product and application knowledge to generate new sales opportunities. At J Royal, additional sales resource has been added to broaden the customer base and make it less reliant on a small number of longer term customer relationships.

Internationally, M Seals delivered steady revenue growth overall, though this varied significantly by territory. In Denmark, sales were broadly flat, which reflected the general economic environment; however, order levels and call-off forecasts in recent months have been more positive. Revenues in Sweden have grown strongly in the first half of the year, benefitting from new orders won last year. However revenues earned in the M Seals operation in Tianjin, China which at this stage is largely focused on the wind power market, have been held back by significant consolidation being undertaken in the Chinese wind power industry.

Controls

The Controls businesses are suppliers of interconnect products (specialised wiring, harness components, connectors and fasteners) and fluid control components for technically demanding applications.

	Half Year		
	2013	**2012**	
Revenue	**£42.5m**	£39.4m	*+8%*
Adjusted operating profit	**£6.9m**	£7.2m	*-4%*
Adjusted operating margin	***16.2%***	*18.3%*	

Controls sector revenues in the first half of the year increased by 8%. Adjusting for currency effects and for the acquisitions of Amfast, Abbeychart and Rayquick, underlying revenues decreased by 5%, due to challenging conditions in European end markets.

In the first quarter, IS-Rayfast completed its relocation into a new modern facility, close to the existing location in Swindon. This facility now accommodates the core IS-Rayfast business and acts as the central management and operational hub for the IS-Group businesses in the UK.

Operating margins for the sector reduced by 210 basis points reflecting in part the incremental costs of the new and larger IS-Rayfast facility and in part the leverage impact of reduced revenue in the Controls businesses.

The ***Interconnect*** businesses, comprising the IS-Group businesses in the UK and the Sommer and Filcon businesses in Germany, together account for ca. 70% of sector revenues. The businesses supply high performance wiring, harness components, connectors and fasteners, used in technically demanding applications, often in harsh environments. The principal markets served are Aerospace & Defence, Motorsport, Energy, Medical and Industrial. In the half year, Interconnect revenues increased by 4% in UK sterling terms; adjusting for the Amfast and Rayquick acquisitions and for currency effects, revenues decreased by 3%.

Aerospace and Defence markets account for ca. 40% of Interconnect revenues and delivered good growth in revenues, boosted by a strong performance from the newly acquired Amfast business. The Filcon connector business also delivered a strong performance, experiencing larger call-offs than anticipated on its frame contracts. The Civil Aerospace market, where the Group's main involvement is in aircraft interiors, has remained buoyant with all key customers performing well. The Military Aerospace market continues to be affected by the cuts in defence spending and delays in anticipated project work; sales to tranche 3 of the Eurofighter project continue, but at reduced levels. In the Marine market, the Astute submarine programme continues to provide good levels of business, but the Military Ground Systems market is still suffering from project delays and from a reduction in upgrade programmes and UORs (urgent operational requirements).

Motorsport accounts for ca. 20% of Interconnect revenues and revenues reduced against a strong prior year comparative. In 2012, strong demand was experienced from the F1 teams and major engine manufacturers, whereas this year, the number of F1 teams and the number of races have both reduced and development efforts have been held back in advance of the new "green" engine in 2014. In the US, revenues were boosted last year by new demand generated by the introduction of fuel injection systems to the NASCAR series and a change of chassis in the IRL series. The initial demand has been fulfilled and follow-on requirements for spares and repairs have not yet developed.

The Energy and Medical markets remain growth market opportunities for the IS-Group and now account for ca. 15% of Interconnect revenues. Sales to the Electrical Utilities market are mainly generated by Sommer in Germany and have been boosted by the acquisition of Rayquick in the first quarter. The German government has ambitious plans for refurbishing and extending the electrical transmission and distribution network, driven by the ongoing shift to greener energy sources. However, revenues generated from this modernisation programme, have been held back in the first half by funding allocations and poor weather conditions. In the UK, Energy demand is more driven by sales to Battery manufacturers and Power Generators, with Alternative Energy remaining a potential area of opportunity for future growth. The Medical market in Germany remains buoyant and increased effort is being focused on new design-in work. In Industrial markets more generally in the UK and Germany, revenues have reduced against the weak economic background and soft Manufacturing PFI data.

The Hawco group of ***Fluid control*** businesses accounts for ca. 30% of sector revenues and supplies temperature, pressure and fluid control products, with a large proportion of its products being supplied to the Food and Beverage industry (including equipment and components supplied to major food retailers). The acquisition of Abbeychart in March 2012 extended the Hawco group into other segments of the Food and Beverage market, including hot drinks and vending machines, pure water and cooling systems, soft drinks dispensing and catering equipment. The balance of Hawco group's revenues comes from the supply of specialised temperature and pressure control components and equipment to a range of applications in the Industrial sector.

In the half year, Hawco group revenues increased by 21%; adjusting for the Abbeychart acquisition, revenues decreased by 10%. Sales to the major food retailers have been held back as refurbishment projects have been delayed and as larger store openings have reduced in favour of the local convenience store model. Background sales of in-service components for repair and maintenance applications have remained strong. Industrial sales have been impacted by the generally weak economic environment and Hawco is continuing to experience pressure on pricing.

Since acquisition, Abbeychart has performed in line with expectations and has matched the sales performance in the comparative, pre-acquisition period. Although experiencing the same challenging market background as Hawco, Abbeychart has demonstrated success in developing existing and new accounts in pure water and hot beverage applications. Good progress has also been made in laying the foundation for the growth of Abbeychart within the Hawco group where the initial focus has been on developing and expanding the sales and marketing resources.

The investment in the new IT system in the core Hawco UK operations at Eashing and Bolton was completed towards the end of the period, with the new system going live at the end of March 2013 with no interruption to business operations.

FINANCE

Free cash flow

The Group generated free cash flow of £12.1m (2012: £9.7m) during the half year, with the improvement arising from a lower investment in working capital. Operating cash flow was £24.4m (2012: £20.3m), which was after making a modest investment in working capital of £4.2m (2012: £7.4m) which although smaller than last year, remains consistent with seasonal trends. The Group's metric of working capital to revenue increased to 18.1% (2012: 17.9%) compared with 16.5% at 30 September 2012, driven principally by the translation impact on overseas working capital of a much weaker UK sterling exchange rate at 31 March 2013.

Tax payments in the first half of the year remained broadly unchanged at £8.9m (2012: £8.7m), although tax payments were particularly high last year due to the phasing of tax instalments in Canada. Capital expenditure increased to £2.6m (2012: £1.7m), of which £1.4m was in support of the Investment for Growth programme. The completion of the move to new facilities in Markham and Swindon accounted for £1.1m of this expenditure with a further £0.3m being invested in new ERP implementation projects. In addition, the Healthcare businesses invested £0.8m in acquiring field equipment in support of customer contracts with hospitals and the US Seals business spent £0.1m on the purchase of a third seal-cutting machine in Clearwater.

The Company also spent £0.6m in March on funding the Diploma Employee Benefit Trust ("EBT") to acquire a further 100,000 shares in the Company.

Acquisition of businesses and minority interests

The Group spent £1.5m (2012: £15.5m) in the half year to acquire the goodwill and assets of Rayquick, a small Controls business in Germany and also to acquire the outstanding 20% of share capital in BGS, the small Healthcare business in Australia. Both acquisitions include a provision for deferred consideration payable up to a maximum of £0.6m, of which £0.3m has been provided in the financial statements.

At 31 March 2013, the Group had £3.8m of liabilities in respect of amounts to be paid as either deferred consideration or for purchases of outstanding minority interests. The majority of these liabilities are likely to be settled in the next twelve months.

Net funds

At 31 March 2013 the Group had net funds of £7.3m, comprising cash funds of £14.3m and borrowings of £7.0m, compared with net funds of £7.9m at 30 September 2012. The small reduction in net cash funds of £0.6m was after spending £1.5m on acquisitions and £11.7m (2012: £9.6m) on dividends paid during the period to ordinary and minority shareholders.

The borrowings were drawn down during the period to provide working capital and assist in funding the final dividend at a time when cash resources are seasonally more limited. The Group's three year committed multicurrency credit facility of £20m, which also includes an option to increase the facility to £40m, expires in November 2013. The Group is currently exploring options with its facility providers to either extend these facilities into 2014, or to replace them with new facilities.

With these facilities available and on the basis of current financial projections and after considering sensitivities, the Directors are confident that the Group has sufficient resources to fund its operations for the foreseeable future. The condensed consolidated interim financial statements have therefore been prepared on a going concern basis.

Exchange rates

A significant proportion of the Group's revenues are derived from businesses located outside the UK, principally in the US, Canada, Australia and Continental Europe. With UK sterling strengthening against the major currencies during the first quarter to 31 December 2012 and then weakening sharply since the beginning of the calendar year, average exchange rates have remained broadly unchanged from those used in the comparable period last year. Therefore the impact on Group revenue and operating profits from the translation of the results of the Group's overseas businesses has been negligible in the first half of the financial year.

On a transactional basis and after taking account of forward currency contracts, gross margins earned in the Healthcare businesses have largely remained unaffected by changes in exchange rates which have been used to purchase products from overseas, compared with the same period in 2012. Transactional currency differences in the UK have also been negligible during the period.

Related party transactions

There have been no related party transactions during the first six months of the financial year that have materially affected the financial position or performance of the Group during that period.

RISKS AND UNCERTAINTIES

The risks and uncertainties which may have the largest impact on performance in the second half of the year are the same as those described in detail in pages 22-25 of the 2012 Annual Report & Accounts. In summary these are:

- Strategic risks – a downturn in major markets, loss of key suppliers and/or major customers, product liability and loss of key personnel;
- Operational risks – major damage to premises, loss of IT systems; and
- Financial and Accounting risks – foreign currency risk and inventory obsolescence.

It should be recognised that additional risks not currently known to management, or risks that management currently regard as immaterial, could also have a material adverse effect on the Group's financial condition or the results of operations.

CURRENT TRADING AND OUTLOOK

Diploma has a resilient business model with a good geographic spread of activities, which are supported by a strong balance sheet and robust cash flow. The Group's businesses supply essential products and solutions to specialised market segments, supporting stable revenue growth and sustainable attractive margins.

The Life Sciences businesses are continuing to perform strongly and the Seals businesses are expected to make further progress in the second half of the year, as comparatives become less demanding. Underlying trading activity in the Controls businesses, however, is likely to continue to be challenging, while European markets remain subdued. The pipeline of acquisition opportunities remains promising and is growing with the additional resources, although the current uncertain economic background has lengthened transaction processes and is delaying completion of target acquisitions.

The Board remains confident that despite the challenging economic environment, the investments being made in the business to provide the platform for growth, both organically and by acquisition, will allow the Group to deliver further progress in the second half of the year and in the longer term.

BM Thompson

Chief Executive Officer
13 May 2013

Responsibility Statement of the Directors in respect of the Half Year Report 2013

We confirm that to the best of our knowledge:

- the condensed set of consolidated financial statements has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU; and
- the Half Year Report includes a fair review of the information required by:

  a) DTR4.2.7R of the Disclosure and Transparency Rules, being an indication of the important events that have occurred during the first six months of the financial year and their impact on the condensed set of consolidated financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  b) DTR4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last Annual Report & Accounts that could do so.

The Directors of Diploma PLC and their respective responsibilities are listed in the Annual Report & Accounts for 2012. There have been no changes in the period.

By Order of the Board

BM Thompson
Chief Executive Officer
13 May 2013

NP Lingwood
Group Finance Director
13 May 2013

Condensed Consolidated Income Statement
For the six months ended 31 March 2013

	Note	**Unaudited 31 March 2013 £m**	Unaudited 31 March 2012 £m	Audited 30 Sept 2012 £m
Revenue	3	**139.7**	127.1	260.2
Cost of sales		**(86.8)**	(77.9)	(161.0)
Gross profit		**52.9**	49.2	99.2
Distribution costs		**(3.2)**	(2.8)	(5.4)
Administration costs		**(25.5)**	(22.7)	(47.4)
Operating profit	3	**24.2**	23.7	46.4
Financial expense, net	4	**(0.4)**	(0.4)	(0.4)
Profit before tax		**23.8**	23.3	46.0
Tax expense	5	**(7.1)**	(7.5)	(14.4)
Profit for the period		**16.7**	15.8	31.6
Attributable to:				
Shareholders of the Company		**16.5**	15.6	31.3
Minority interests		**0.2**	0.2	0.3
		16.7	15.8	31.6
Earnings per share				
Basic and diluted earnings	6	**14.7p**	13.9p	27.9p

Alternative Performance Measures (note 2)	Note	**31 March 2013 £m**	31 March 2012 £m	30 Sept 2012 £m
Operating profit		**24.2**	23.7	46.4
Add: Acquisition related charges	9	**2.8**	2.7	6.4
Adjusted operating profit	3	**27.0**	26.4	52.8
Deduct: Net interest expense	4	**(0.1)**	(0.2)	(0.2)
Adjusted profit before tax		**26.9**	26.2	52.6
Adjusted earnings per share	6	**17.0p**	16.1p	33.1p

Condensed Consolidated Statement of Income and Other Comprehensive Income
For the six months ended 31 March 2013

	Unaudited 31 March 2013 £m	Unaudited 31 March 2012 £m	Audited 30 Sept 2012 £m
Profit for the period	**16.7**	15.8	31.6
Items that will not be reclassified to consolidated Income Statement			
Actuarial losses on defined benefit pension schemes	**-**	-	(0.4)
Deferred tax on items that will not be reclassified	**-**	-	0.1
	-	-	(0.3)
Items that may be reclassified subsequently to consolidated Income Statement			
Exchange rate adjustments on foreign currency net investments	**7.3**	(0.6)	(2.1)
Exchange rate adjustments on minority interests	**0.1**	(0.1)	-
Losses on fair value of cash flow hedges	**(0.1)**	(0.7)	(0.4)
Net changes to fair value of cash flow hedges transferred to consolidated Income Statement	**(0.1)**	-	(0.5)
Deferred tax on items that may be reclassified	**0.1**	0.1	0.2
	7.3	(1.3)	(2.8)
Total comprehensive income for the period	**24.0**	14.5	28.5
Attributable to:			
Shareholders of the Company	**23.7**	14.4	28.2
Minority interests	**0.3**	0.1	0.3
	24.0	14.5	28.5

Condensed Consolidated Statement of Changes in Equity
For the six months ended 31 March 2013

	Share capital	Transl. reserve	Hedging reserve	Retained earnings	Share -holders' equity	Minority interest	Total equity
	£m	£m	£m	£m	£m	£m	£m
At 1 October 2011	5.7	20.8	1.1	123.8	**151.4**	0.5	**151.9**
Total comprehensive income	-	(0.6)	(0.7)	15.7	**14.4**	0.1	**14.5**
Share-based payments	-	-	-	0.5	**0.5**	-	**0.5**
Dividends	-	-	-	(9.5)	**(9.5)**	(0.1)	**(9.6)**
At 31 March 2012	5.7	20.2	0.4	130.5	**156.8**	0.5	**157.3**
Total comprehensive income	-	(1.5)	(0.2)	15.5	**13.8**	0.2	**14.0**
Share-based payments	-	-	-	0.3	**0.3**	-	**0.3**
Acquisition of subsidiary	-	-	-	-	**-**	0.7	**0.7**
Deferred tax on items recognised directly in equity	-	-	-	0.6	**0.6**	-	**0.6**
Recognition of minority interest put options	-	-	-	(1.0)	**(1.0)**	-	**(1.0)**
Dividends	-	-	-	(4.7)	**(4.7)**	-	**(4.7)**
At 30 September 2012	5.7	18.7	0.2	141.2	**165.8**	1.4	**167.2**
Total comprehensive income	-	7.3	(0.2)	16.6	**23.7**	0.3	**24.0**
Minority interests acquired	-	-	-	-	**-**	(0.1)	**(0.1)**
Share-based payments	-	-	-	0.6	**0.6**	-	**0.6**
Purchase of own shares	-	-	-	(0.6)	**(0.6)**	-	**(0.6)**
Dividends	-	-	-	(11.5)	**(11.5)**	(0.2)	**(11.7)**
At 31 March 2013	**5.7**	**26.0**	**-**	**146.3**	**178.0**	**1.4**	**179.4**

Condensed Consolidated Statement of Financial Position
As at 31 March 2013

	Note	**Unaudited 31 March 2013 £m**	Unaudited 31 March 2012 £m	Audited 30 Sept 2012 £m
Non-current assets				
Goodwill	9	**83.1**	78.9	79.8
Acquisition intangible assets	9	**31.4**	30.8	32.2
Other intangible assets		**0.7**	0.7	0.7
Investment		**0.7**	-	0.7
Property, plant and equipment		**14.0**	11.4	12.3
Deferred tax assets		**3.0**	3.0	2.9
		132.9	124.8	128.6
Current assets				
Inventories		**48.7**	44.6	45.8
Trade and other receivables		**45.0**	41.7	40.6
Cash and cash equivalents	8	**14.3**	11.7	11.4
		108.0	98.0	97.8
Current liabilities				
Trade and other payables		**(38.8)**	(36.4)	(38.5)
Current tax liabilities		**(2.3)**	(1.8)	(3.5)
Other liabilities	11	**(2.5)**	(1.8)	(2.8)
Borrowings	8	**(7.0)**	(14.7)	(3.5)
		(50.6)	(54.7)	(48.3)
Net current assets		**57.4**	43.3	49.5
Total assets less current liabilities		**190.3**	168.1	178.1
Non-current liabilities				
Retirement benefit obligations		**(5.1)**	(5.2)	(5.4)
Other liabilities	11	**(1.3)**	(1.3)	(1.0)
Deferred tax liabilities		**(4.5)**	(4.3)	(4.5)
Net assets		**179.4**	157.3	167.2
Equity				
Share capital		**5.7**	5.7	5.7
Translation reserve		**26.0**	20.2	18.7
Hedging reserve		**-**	0.4	0.2
Retained earnings		**146.3**	130.5	141.2
Total shareholders' equity		**178.0**	156.8	165.8
Minority interests		**1.4**	0.5	1.4
Total equity		**179.4**	157.3	167.2

Condensed Consolidated Cash Flow Statement
For the six months ended 31 March 2013

	Note	**Unaudited 31 March 2013 £m**	Unaudited 31 March 2012 £m	Audited 30 Sept 2012 £m
Cash flows from operating activities				
Cash flow from operations	7	**24.4**	20.3	50.2
Interest paid, net		**(0.2)**	(0.2)	(0.3)
Tax paid		**(8.9)**	(8.7)	(13.7)
Net cash from operating activities		**15.3**	11.4	36.2
Cash flows from investing activities				
Acquisition of subsidiaries (net of cash acquired)	10	**(1.1)**	(14.7)	(20.8)
Acquisition of investment		**-**	-	(0.7)
Deferred consideration paid	11	**-**	(0.8)	(0.8)
Purchase of property, plant and equipment		**(2.4)**	(1.7)	(3.3)
Purchase of other intangible assets		**(0.2)**	-	(0.2)
Net cash used in investing activities		**(3.7)**	(17.2)	(25.8)
Cash flow from financing activities				
Acquisition of minority interests	10	**(0.4)**	-	-
Dividends paid to shareholders		**(11.5)**	(9.5)	(14.2)
Dividends paid to minority interests		**(0.2)**	(0.1)	(0.1)
Purchase of own shares by EBT		**(0.6)**	-	-
Proceeds/(repayment) of borrowings, net	8	**3.5**	9.2	(2.2)
Net cash used in financing activities		**(9.2)**	(0.4)	(16.5)
Net increase/(decrease) in cash and cash equivalents		**2.4**	(6.2)	(6.1)
Cash and cash equivalents at beginning of period		**11.4**	17.8	17.8
Effect of exchange rates on cash and cash equivalents		**0.5**	0.1	(0.3)
Cash and cash equivalents at end of period		**14.3**	11.7	11.4

Alternative Performance Measures (note 2)		**31 March 2013 £m**	31 March 2012 £m	30 Sept 2012 £m
Net increase/(decrease) in cash and cash equivalents		**2.4**	(6.2)	(6.1)
Add:	Dividends paid to shareholders	**11.5**	9.5	14.2
	Dividends paid to minority interests	**0.2**	0.1	0.1
	Acquisition of subsidiaries/minority interests	**1.5**	14.7	21.5
	Deferred consideration paid	**-**	0.8	0.8
Less:	(Proceeds)/repayment of borrowings, net	**(3.5)**	(9.2)	2.2
Free cash flow		**12.1**	9.7	32.7
Net funds/(debt)				
Cash and cash equivalents		**14.3**	11.7	11.4
Borrowings		**(7.0)**	(14.7)	(3.5)
Net funds/(debt)		**7.3**	(3.0)	7.9

Notes to the Condensed Consolidated Financial Statements
For the six months ended 31 March 2013

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

Diploma PLC (the "Company") is a company domiciled in the UK. The condensed set of consolidated financial statements (the "financial statements") for the six months ended 31 March 2013 comprises the Company and its subsidiaries (together referred to as the "Group").

The comparative figures for the financial year ended 30 September 2012 are not the Group's statutory accounts for that financial year within the meaning of section 434 of the Companies Act 2006. Those accounts have been reported on by the Group's auditor and delivered to the Registrar of Companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006. The figures for the six months ended 31 March 2012 were extracted from the 2012 Half Year Report, which was unaudited.

The Group's audited consolidated financial statements for the year ended 30 September 2012 are available on the Company's website (*www.diplomaplc.com*) or upon request from the Company's registered office at Diploma PLC, 12 Charterhouse Square, London, EC1M 6AX.

1.1 Statement of compliance
The financial statements included in this Half Year Announcement for the six months ended 31 March 2013 have been prepared on a going concern basis and in accordance with *IAS 34, Interim Financial Reporting* as adopted by the European Union and the Disclosure and Transparency Rules ("DTR") of the Financial Services Authority. The financial statements do not include all of the information required for full annual consolidated financial statements and should be read in conjunction with the Group's audited consolidated financial statements for the year ended 30 September 2012.

This set of Half Year financial statements were approved by the Board of Directors on 13 May 2013; they have not been reviewed or audited by the Company's auditor.

1.2 Significant accounting policies
The accounting policies applied by the Group in this set of financial statements are the same as those applied by the Group in its audited consolidated financial statements for the year ended 30 September 2012, with the exception of that applied to taxation; in the Half Year Report, taxation has been calculated by applying the Directors' best estimate of the annual rates of taxation to taxable profits for the period.

The Group has considered the new IFRS standards, amendments to standards or interpretations which are mandatory for the year ending 30 September 2013 and are relevant to the Group. None of these are considered to have any significant impact on the results or net assets of the Group.

1.3 Estimates and judgements
The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The estimates and judgements made by management in applying the Group's accounting policies and the key sources of uncertainty that have the most significant effect on the amounts included within these financial statements, were the same as those that applied to the Group's audited consolidated financial statements for the year ended 30 September 2012. These were set out on pages 73 and 74 of the 2012 Annual Report & Accounts.

2. ALTERNATIVE PERFORMANCE MEASURES

The Group uses a number of alternative (non-Generally Accepted Accounting Practice ("non-GAAP")) financial measures which are not defined within IFRS. The Directors use these measures in order to assess the underlying operational performance of the Group and as such, these measures are important and should be considered alongside the IFRS measures. The following non-GAAP measures are referred to in this Half Year Announcement.

2.1 Adjusted operating profit
At the foot of the consolidated income statement, "adjusted operating profit" is defined as operating profit before amortisation and impairment of acquisition intangible assets, acquisitions expenses and adjustments to deferred consideration (collectively, "acquisition related charges"). The Directors believe that adjusted operating profit is an important measure of the underlying operational performance of the Group.

2.2 Adjusted profit before tax
At the foot of the consolidated income statement, "adjusted profit before tax" is separately disclosed, being defined as profit before tax and before the costs of restructuring or rationalisation of operations, the profit or loss relating to the sale of property or businesses, fair value remeasurements under IAS 39 in respect of future purchases of minority interests and acquisition related charges. The Directors believe that adjusted profit before tax is an important measure of the underlying performance of the Group.

2.3 Adjusted earnings per share
"Adjusted earnings per share" is calculated as the total of adjusted profit, less income tax costs, but excluding the tax impact on the items included in the calculation of adjusted profit and the tax effects of goodwill in overseas jurisdictions, less profit attributable to minority interests, divided by the weighted average number of ordinary shares in issue during the period. The Directors believe that adjusted earnings per share provides an important measure of the underlying earning capacity of the Group.

2.4 Free cash flow
At the foot of the consolidated cash flow statement, "free cash flow" is reported, being defined as net cash flow from operating activities, after net capital expenditure on fixed assets and including proceeds received from business disposals, but before expenditure on business combinations/investments and dividends paid to both minority shareholders and the Company's shareholders. The Directors believe that free cash flow gives an important and consistent measure of the cash flow of the Group, available for future investment.

3. BUSINESS SEGMENT ANALYSIS

Segmental information is presented in this Half Year Announcement in respect of the Group's business segments, which is the primary basis of segment reporting. The business segment reporting format reflects the Group's management and internal reporting structure. The geographic segment reporting represents results by origin. The Group's financial results have not, historically, been subject to significant seasonal trends. In the year ended 30 September 2012, the Group earned 49% of its annual revenues and 50% of its annual adjusted operating profits in the first six months of the year.

	Revenue			Adjusted operating profit			Operating profit		
	31 Mar 2013 £m	31 Mar 2012 £m	30 Sept 2012 £m	**31 Mar 2013 £m**	31 Mar 2012 £m	30 Sept 2012 £m	**31 Mar 2013 £m**	31 Mar 2012 £m	30 Sept 2012 £m
By Sector									
Life Sciences	**46.7**	39.7	78.4	**11.0**	9.3	18.0	**9.5**	8.1	15.3
Seals	**50.5**	48.0	99.9	**9.1**	9.9	20.4	**8.1**	8.7	17.9
Controls	**42.5**	39.4	81.9	**6.9**	7.2	14.4	**6.6**	6.9	13.2
	139.7	127.1	260.2	**27.0**	26.4	52.8	**24.2**	23.7	46.4
By Geographic Area									
United Kingdom	**36.0**	33.0	69.8	**5.9**	6.2	12.5			
Rest of Europe	**19.7**	19.4	37.6	**3.0**	2.6	5.3			
North America	**84.0**	74.7	152.8	**18.1**	17.6	35.0			
	139.7	127.1	260.2	**27.0**	26.4	52.8			

During the period, the Group acquired Rayquick which contributed £0.5m to revenue and £0.1m to adjusted operating profit and operating profit. The results of this business are included within the Controls sector and within the Rest of Europe.

	Total assets			Total liabilities			Net assets		
	31 Mar 2013 £m	31 Mar 2012 £m	30 Sept 2012 £m	**31 Mar 2013 £m**	31 Mar 2012 £m	30 Sept 2012 £m	**31 Mar 2013 £m**	31 Mar 2012 £m	30 Sept 2012 £m
By Sector									
Life Sciences	**95.4**	86.0	89.9	**(13.6)**	(10.4)	(14.0)	**81.8**	75.6	75.9
Seals	**71.1**	70.0	68.3	**(10.1)**	(10.0)	(10.3)	**61.0**	60.0	58.0
Controls	**53.7**	49.1	50.4	**(14.3)**	(14.8)	(13.5)	**39.4**	34.3	36.9
Unallocated assets/(liabilities)	**20.7**	17.7	17.8	**(23.5)**	(30.3)	(21.4)	**(2.8)**	(12.6)	(3.6)
	240.9	222.8	226.4	**(61.5)**	(65.5)	(59.2)	**179.4**	157.3	167.2

Segment assets exclude cash and cash equivalents, deferred tax assets and corporate assets that cannot be allocated on a reasonable basis to a business segment. Segment liabilities exclude borrowings, retirement benefit obligations, deferred tax liabilities and corporate liabilities that cannot be allocated on a reasonable basis to a business segment. These items that cannot be allocated on a reasonable basis to a business segment are shown collectively as "unallocated assets/(liabilities)" .

3. BUSINESS SEGMENT ANALYSIS (continued)

	Capital expenditure			Depreciation		
	31 Mar 2013 £m	31 Mar 2012 £m	30 Sept 2012 £m	**31 Mar 2013 £m**	31 Mar 2012 £m	30 Sept 2012 £m
By Sector						
Life Sciences	**1.4**	1.3	2.3	**0.7**	0.5	1.2
Seals	**0.4**	0.3	0.6	**0.3**	0.3	0.6
Controls	**0.8**	0.1	0.6	**0.2**	0.2	0.3
	2.6	1.7	3.5	**1.2**	1.0	2.1

4. FINANCIAL EXPENSE, NET

	31 March 2013 £m	31 March 2012 £m	30 Sept 2012 £m
Interest and similar income			
- interest receivable on short-term deposits	**-**	0.1	0.1
- notional interest on defined benefit pension scheme	**0.1**	-	0.1
	0.1	0.1	0.2
Interest expense and similar charges			
- bank commitment fees	**(0.1)**	(0.1)	(0.1)
- interest payable on bank borrowings	**(0.1)**	(0.2)	(0.3)
	(0.2)	(0.3)	(0.4)
Net interest expense	**(0.1)**	(0.2)	(0.2)
- fair value remeasurements of put options (note 11)	**(0.3)**	(0.2)	(0.2)
Financial expense, net	**(0.4)**	(0.4)	(0.4)

5. TAXATION

	31 March 2013 £m	31 March 2012 £m	30 Sept 2012 £m
UK corporation tax	**1.4**	1.5	3.2
Overseas tax	**5.7**	6.0	11.2
Total tax on profit for the period	**7.1**	7.5	14.4

Taxation on profits before tax has been calculated by applying the Directors' best estimate of the annual rates of taxation to taxable profits for the period. The effective rate of taxation on profit before tax for the period decreased to 29.8% (2012: 32.2%). The Group's adjusted effective rate of tax on adjusted profit before tax decreased to 28.3% (2012: 30.2%) reflecting in part, a lower proportion of taxable profits in the US, where tax rates are substantially higher than the Group's effective rate, and in part a further reduction in the UK corporate tax rate to 23%.

6. EARNINGS PER SHARE

Basic and diluted earnings per share
Basic and diluted earnings per ordinary 5p share are calculated on the basis of the weighted average number of ordinary shares in issue during the period of 112,318,231 (2012: 112,344,437) and the profit for the period attributable to shareholders of £16.5m (2012: £15.6m). There were no potentially dilutive shares.

Adjusted earnings per share
Adjusted earnings per share, defined in note 2, are calculated as follows:

	31 Mar 2013 pence per share	31 Mar 2012 pence per share	30 Sept 2012 pence per share	**31 Mar 2013 £m**	31 Mar 2012 £m	30 Sept 2012 £m
Profit before tax				**23.8**	23.3	46.0
Tax expense				**(7.1)**	(7.5)	(14.4)
Minority interests				**(0.2)**	(0.2)	(0.3)
Earnings for the period attributable to shareholders of the Company	**14.7**	13.9	27.9	**16.5**	15.6	31.3
Acquisition related charges	**2.4**	2.4	5.6	**2.8**	2.7	6.4
Fair value remeasurements	**0.3**	0.2	0.2	**0.3**	0.2	0.2
Tax effects on goodwill, acquisition intangible assets and fair value remeasurements	**(0.4)**	(0.4)	(0.6)	**(0.5)**	(0.4)	(0.7)
Adjusted earnings	**17.0**	16.1	33.1	**19.1**	18.1	37.2

7. RECONCILIATION OF CASH FLOW FROM OPERATING ACTIVITIES

	31 March 2013 £m	31 March 2012 £m	30 Sept 2012 £m
Profit for the period	**16.7**	15.8	31.6
Depreciation/amortisation of tangible and other intangible assets	**1.2**	1.0	2.1
Acquisition related charges	**2.8**	2.7	6.4
Share-based payments expense	**0.6**	0.5	0.8
Financial expense, net	**0.4**	0.4	0.4
Tax expense	**7.1**	7.5	14.4
Operating cash flow before changes in working capital	**28.8**	27.9	55.7
Increase in inventories	**(0.8)**	(3.6)	(4.1)
Increase in trade and other receivables	**(3.0)**	(3.5)	(1.2)
(Decrease)/increase in trade and other payables	**(0.4)**	(0.3)	0.1
Cash paid into defined benefit schemes	**(0.2)**	(0.2)	(0.3)
Cash flow from operating activities	**24.4**	20.3	50.2

8. NET FUNDS/(DEBT)

The movement in net funds/(debt) during the period is as follows:

	31 March 2013 £m	31 March 2012 £m	30 Sept 2012 £m
Net increase/(decrease) in cash and cash equivalents	**2.4**	(6.2)	(6.1)
(Proceeds)/repayment of borrowings	**(3.5)**	(9.2)	2.2
	(1.1)	(15.4)	(3.9)
Effect of exchange rates	**0.5**	0.2	(0.4)
Movement in net funds	**(0.6)**	(15.2)	(4.3)
Net funds at beginning of period	**7.9**	12.2	12.2
Net funds/(debt) at end of period	**7.3**	(3.0)	7.9
Comprising:			
Cash and cash equivalents	**14.3**	11.7	11.4
Borrowings	**(7.0)**	(14.7)	(3.5)
Net funds/(debt) at end of period	**7.3**	(3.0)	7.9

The Group has a committed £20m revolving bank facility, together with an option to increase this by a further £20m, subject to market pricing; both of these facilities expire on 18 November 2013. At 31 March 2013, the Group had utilised £7.0m of this facility. Interest on this facility is payable at 150bps over LIBOR.

9. GOODWILL AND INTANGIBLE ASSETS

	Goodwill £m	**Acquisition intangible assets £m**
At 1 October 2011	74.4	27.3
Acquisitions	4.4	6.1
Amortisation charge	-	(2.4)
Exchange adjustments	0.1	(0.2)
At 31 March 2012	78.9	30.8
Acquisitions	1.2	4.9
Amortisation charge	-	(3.4)
Exchange adjustments	(0.3)	(0.1)
At 30 September 2012	79.8	32.2
Acquisitions (note 10)	0.5	0.6
Amortisation charge	-	(2.8)
Exchange adjustments	2.8	1.4
At 31 March 2013	**83.1**	**31.4**

Goodwill acquired of £0.5m arose on the acquisition of Rayquick. Intangible assets of £0.6m were identified in the acquisition of Rayquick relating to supplier relationships and customers relationships and these assets are being amortised over five years. The additions to goodwill and acquisition intangible assets relate wholly to the Controls sector.

Acquisition related charges of £2.8m (2012: £2.7m) were expensed to the consolidated Income Statement for the period and includes £2.8m (2012: £2.4m) for the amortisation charge on acquisition intangible assets; the balance of £Nil (2012: £0.3m) was for acquisition expenses.

10. ACQUISITION OF SUBSIDIARIES

On 2 November 2012, the Group acquired the trade and net assets of Rayquick GmbH ("Rayquick") for a maximum consideration of £1.2m (€1.4m) from Mr S Rinas. The initial cash consideration paid on acquisition was £1.1m (€1.3m) and a further £0.1m (€0.1m) was payable at 31 March 2013 in final settlement of a performance payment. Acquisition intangible assets of £0.6m and goodwill of £0.5m arose in this acquisition. The goodwill is represented by the product know-how held by employees, prospects for sales growth from new customers and operating cost synergies.

From the date of acquisition to 31 March 2013, the Rayquick business contributed £0.5m to revenue and £0.1m to adjusted operating profit; if this acquisition had been completed at the beginning of the financial year, the contribution to revenue and adjusted operating profit would not have been materially different.

On 8 January 2013, the Group acquired the remaining 20% minority interest in Big Green Surgical Pty Limited ("BGS") from the previous owner Mr A Bennett. The maximum consideration payable is £0.9m (A$1.4m), including deferred consideration of £0.5m (A$0.8m), based on the achievement of certain gross profit targets for FY2013 and FY2014. On completion, the initial cash consideration paid was £0.4m (A$0.6m). Acquisition expenses on these two acquisitions were negligible.

11. OTHER LIABILITIES

	31 March 2013 £m	31 March 2012 £m	30 Sept 2012 £m
Future purchases of minority interests	**2.9**	2.2	3.2
Deferred consideration	**0.9**	0.9	0.6
	3.8	3.1	3.8
Analysed as:			
Due within one year	**2.5**	1.8	2.8
Due after one year	**1.3**	1.3	1.0

The movement in the liability for future purchases of minority interests is as follows:

	31 March 2013 £m	31 March 2012 £m	30 Sept 2012 £m
At 1 October	**3.2**	2.0	2.0
Put options entered into during the period	**-**	-	1.0
Acquisition of minority interest	**(0.6)**	-	-
Notional interest on unwinding of disposal	**0.1**	0.1	0.1
Fair value remeasurements	**0.2**	0.1	0.1
At end of period	**2.9**	2.2	3.2

11. OTHER LIABILITIES (continued)

The Group retains put options to acquire the outstanding minority shareholdings. At 31 March 2013, these minority interests related to HPS, DSL and M Seals; the put options to acquire these minority interests are generally exercisable within the next 12 months with the exception of DSL, which is exercisable in October 2014.

At 31 March 2013, the estimate of the financial liability to acquire the outstanding minority shareholdings was reassessed by the Directors, based on their current estimate of the future performance of the businesses and to reflect foreign exchange rates at 31 March 2013. This led to a remeasurement of these put options and the liability was increased by £0.3m through a charge to the consolidated Income Statement. As described in note 10, the outstanding minority interest held in BGS was acquired during the period.

At 31 March 2013, deferred consideration of £0.9m comprised £0.3m payable to the vendors of Amfast, £0.3m payable to the vendors of CMI, £0.2m payable to the vendor of BGS and £0.1m payable to the vendor of Rayquick. These amounts are expected to be paid in the next six months with the exception of that payable in respect of BGS, which is payable in two instalments in November 2013 and 2014. There was no deferred consideration paid during the period.

12. DIVIDENDS

	31 Mar 2013 pence per share	31 Mar 2012 pence per share	30 Sept 2012 pence per share	**31 Mar 2013 £m**	31 Mar 2012 £m	30 Sept 2012 £m
Amounts recognised and paid in the period						
Final dividend of the prior year, paid in January	**10.2**	8.5	8.5	**11.5**	9.5	9.5
Interim dividend, paid in June	**-**	-	4.2	**-**	-	4.7
	10.2	8.5	12.7	**11.5**	9.5	14.2

The Directors have declared an increased interim dividend of 5.0p per share (2012: 4.2p) payable on 19 June 2013 to shareholders on the register on 24 May 2013. The total value of the dividend will be £5.6m (2012: £4.7m).

13. EXCHANGE RATES

The following exchange rates have been used to translate the results of the overseas businesses:

	Average			Closing		
	31 March 2013	31 March 2012	30 Sept 2012	**31 March 2013**	31 March 2012	30 Sept 2012
US Dollar	**1.58**	1.58	1.58	**1.52**	1.60	1.61
Canadian Dollar	**1.58**	1.59	1.59	**1.54**	1.60	1.59
Euro	**1.20**	1.19	1.22	**1.18**	1.20	1.26
Australian Dollar	**1.52**	1.51	1.53	**1.46**	1.54	1.55